



NASA Langley Research Center Exchange

2013 Annual Report & 2014 Business Plan

Your First Choice – LaRC Exchange
Visit us at <http://larc-exchange.larc.nasa.gov/>



LaRC Exchange Operations Table of Contents



- Mission/Vision – **Chart 3**
- LaRC Exchange Consolidated Financial Position and FY 2013 Activity Operating Results – **Charts 4-6**
- FY 2012 & 2013 Cash Flows – **Charts 7-8**
- FY 2013 Capital Improvements Plan – **Charts 9**
- FY 2013 Major Accomplishments /Challenges – **Charts 11-12**
- FY 2014 Operating Budget, Major Impacts, and Capital Improvements Plans – **Charts 13-16**
- LaRC Exchange Council – **Chart 17**



LaRC Exchange Operations Overview

Mission & Vision



- The Exchange Mission is to provide quality products, services, and activities that promote and enhance the morale and well-being of the LaRC Community.
- Vision: A customer-focused team providing “First Choice” quality of life programs and services for the LaRC community.
- Your First Choice-Langley Exchange



LaRC EXCHANGE OPERATIONS

Consolidated Financial Statement



Years Ended September 30,	2013	2012
Revenue		
Sales and commissions	\$ 1,560,159	\$ 1,725,031
Cost of revenues	<u>425,242</u>	<u>483,944</u>
Gross profit	1,134,917	1,241,087
Operating expenses	<u>1,266,437</u>	<u>1,230,207</u>
Gain (Loss) from operations	<u>(131,520)</u>	<u>10,880</u>
Other revenue (expense)		
Miscellaneous	1,745	2,289
Interest and dividends	1,251	694
U.S. Department of Agriculture- National School Lunch Program	10,906	13,124
Realized and unrealized losses on investments	<u>(440)</u>	<u>-</u>
Total other revenue	<u>13,462</u>	<u>16,107</u>
Change in net assets	(118,058)	26,987
Extraordinary Item (note 7)	9,784	124,934
Prior Period Adjustment (note 8)	-	(7,756)
Net assets - beginning of year	747,232	603,067
Net assets - end of year	<u>\$ 638,958</u>	<u>\$ 747,232</u>



LaRC EXCHANGE STANDARDS ASSESSMENT

(\$ THOUSANDS)

YTD Sept. 30, 2013



Financial Indicators and Business Indicators	STANDARD	BUDGET/TARGET AMOUNT	PREVIOUS YTD Sept 10	ASSESSMENT ACTUAL YTD ACHIEVED	(PROFIT)(VARIANCE)	REMARKS/COMMENTS
EAA/Admin. Office NI& BUDGET VAR	> 0 ±15%	-66.6	16.7 -672%	-\$95.6 -44%	R R	Vending revenues continue to go down with facility closures and smaller market.
CHILD DEV. CENTER NI & BUDGET VAR	> 0 ±15%	22.3	21.5 -223%	-\$69.4 -409%	R R	Total revenues down by 100K with enrollment reduction and transition to 1 building with capacity of 78. Labor reduced by 138.8K from FY11.
FOOD AND BEVERAGE NI & BUDGET VAR	> 0 ±15%	53.9	76.4 -53%	\$35.7 -34%	G R	Revenues decreased over 56K largely due to reduced travel/training. 44% overall COGs. Cafeteria losses offset by Catering and Social Lounge
EXCHANGE SHOP NI & BUDGET VAR	> 0 ±15%	21.1	29.5 -29%	\$21.0 .005%	G G	The revenues down by \$2.7. Labor and expenses reduced by \$3.8K.
Exchange Fund Net Income & Budget Variance	> 0 ±15%	14.4	144.2 -175%	-\$108.3 -852%	R R	Losses attributed to decline in revenues for Child Care, Vending and Food & Beverage.
ACID TEST RATIO Ability to pay bill in 30 Days	>1:1	2.1:1	2.7:1	3.7:1	G	Quick cash is \$461,647, AR \$7,702 current assets \$518,587 Total liabilities \$122,825 as of September 30, 2013.
CASH TO DEBT RATIO Cash + Current & L. RANGE Investments / total liabilities	>1:1 <2:1	2:1	4.1:1	4.5:1	G	Manageable Cash Assets on hand \$558,622.
CI EXECUTION RATE 70 % OF BUDGET	70%	\$30K	35.6 %	86 %	G	Improvements budgeted at 30K. \$25,869 execution as of Sept 30, 2013 for AccuPOS Cash Registers, Conveyor Oven, and playground equipment.

PROFIT/LOSS

R=LOSING MONEY

G=MAKING MONEY

A=CONTROLLED LOSS

BUDGET VARIANCE

R=NEGATIVE OR VARIANCE >25%

G=POSITIVE NIBD & VARIANCE <16%

A=POSITIVE NIBD & VARIANCE 16-25% OR CONTROLLED LOSS & VARIANCE 0-25%



LaRC EXCHANGE OPERATIONS

FY 2013 Financial Statements by Activity



Revenues`	EAA - Admin	CDC	Food & Bev *	Exc. Shop	Consol. Exchange
Sales & Commissions	\$69,342	\$543,495	\$864,774	\$82,548	\$1,560,159
COGS			\$381,279	\$43,963	\$425,242
Gross Inc from Sales			\$483,495	\$43,346	\$1,141,087
Gross Income from operations	\$69,342	\$575,495	\$483,495	\$38,585	\$1,134,917
<u>Expenses</u>					
Labor	\$89,572	\$513,565	\$350,422	\$7,843	\$961,402
Operating Expenses	\$70,762	\$99,805	\$90,065	\$9,007	\$269,641
Total Expenses	\$160,334	\$613,372	\$440,487	\$16,850	\$1,231,043
Total Other Revenues (expenses)	\$1,963	\$11,204	\$295	-	\$13,462
Net Income(loss) Before Depreciation	(\$89,029)	(\$58,673)	\$43,303	\$21,735	\$82,664
Depreciation	\$16,363	\$10,758	\$7,587	\$686	\$35,394
Net Income/(Loss) for FY 11	(\$105,392)	(\$69,431)	\$35,716	\$21,049	\$118,058
Extraordinary Item /Prior Year Adjust	\$9,784	0	0	0	\$9,784
Net change in Assets (Loss)	(\$95,608)	(\$69,431)	\$35,716	\$21,049	\$108,274



LaRC EXCHANGE OPERATIONS

Cash Flow FY12 & 13



Years Ended September 30,	2013	2012
Cash flows from operating activities		
Change in net assets	\$ (118,058)	\$ 26,987
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	35,394	33,056
Extraordinary Item (note 7)	9,784	124,934
Prior period adjustment (note 8)	-	(7,756)
(Increase) decrease in accounts receivable	13,691	360
(Increase) decrease in unearned revenue	404	1,860
(Increase) decrease in security deposits	(3,423)	(880)
(Increase) decrease in prepaid assets	(2,256)	585
(Increase) decrease in inventories	(4,222)	5,383
Increase (decrease) in accounts payable	5,735	5,300
Increase (decrease) in other liabilities	80	-
Increase (decrease) in other accrued liabilities	(12,789)	(7,657)
Total Adjustments	42,398	155,185
Net Cash Provided by (Used in) Operating Activities	(75,660)	182,172
Cash flows from investing activities		
Purchases of expendable equipment	(25,292)	(6,165)
Net purchase of investments	(49,560)	(200,332)
Net Cash Provided by (Used in) Investing Activities	(74,852)	(206,497)
Net increase (decrease) in Cash and cash equivalents	(150,512)	(24,325)
Cash and cash equivalents at beginning of period	362,267	386,592
Cash and cash equivalents at end of period	\$ 211,755	\$ 362,267



LaRC EXCHANGE OPERATIONS

Cash Flow FY12 & 13 (continued)



7. Extraordinary Item

During the year ending September 30, 2013 the NASA Langley Exchange Council and Activities received \$9,784 in restitution payments for theft perpetrated by an employee over a six year period beginning in 2006. The theft was primarily perpetrated through unauthorized payroll withdrawals and forged check disbursement.

In the prior year ending September 30, 2012 the NASA Langley Exchange Council and Activities received \$124,934 in insurance reimbursements for theft perpetrated by an employee over a six year period beginning in 2006. The theft was primarily perpetrated through unauthorized payroll withdrawals and forged check disbursement.

8. Prior Period Adjustment

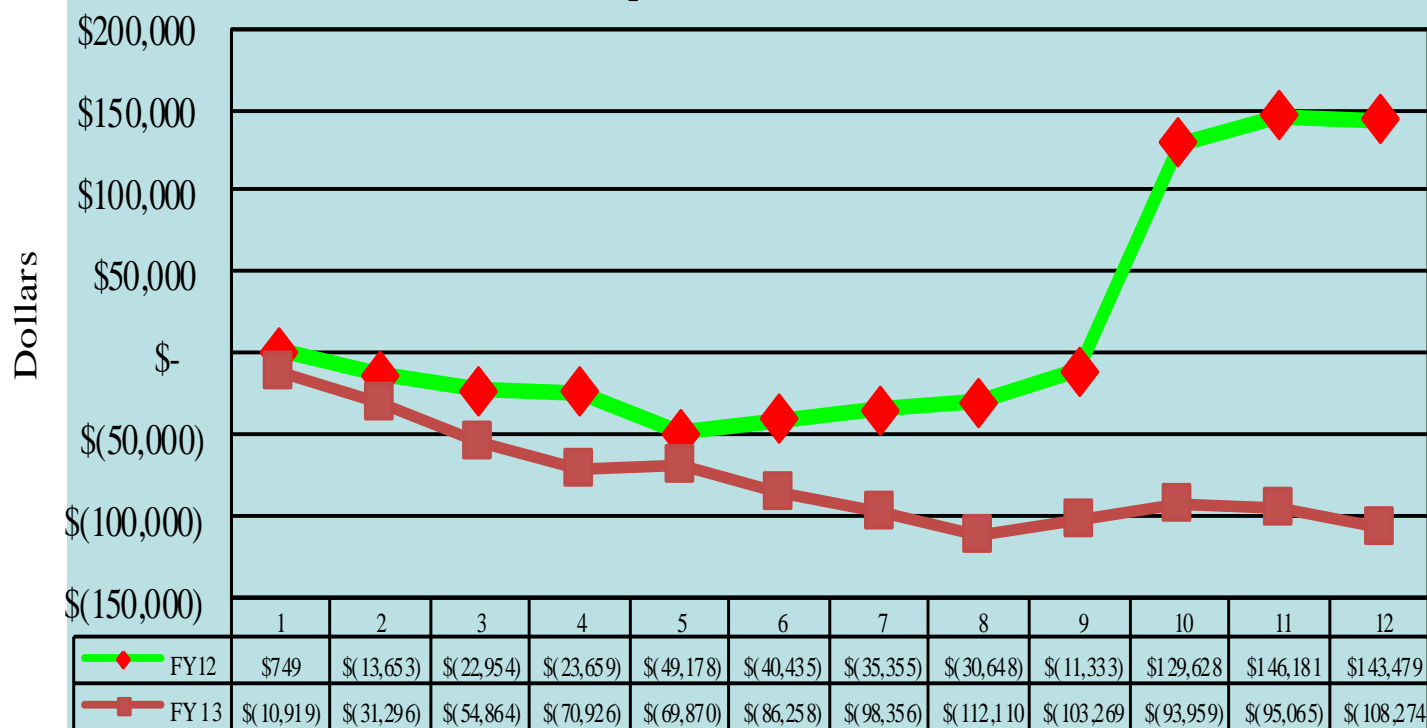
The prior period adjustment for the year ended September 30, 2012 consisted of the following:

Write-off to the Business Enterprise Fund	\$ 6,627
Return of softball T-shirt purchases	605
Correction of erroneous error in CDC	(160)
Record bonuses P/R taxes for 2010	827
Write-off stale 2012 checks	<u>(143)</u>
	\$ 7,756

Had these items been recorded correctly in the prior year, the beginning net assets would have been \$7,756 less.



Exchange Cumulative Net Income October-September 2012 and 2013





LaRC EXCHANGE

Fiscal Year 2013

Capital Improvements



PRIORITY	ROI Years	Activity	Cost	Projected Purchase	Description
3	10	LaRC CDC	\$10,000	2th qtr	Age appropriate playground equipment
2	5	Exchange Services	\$15,000	3rd qtr	POINT of SALES REGISTERS 3 Café Dining, 1 Social Lounge, 1 CAFE
1	5	Food & Beverage	\$5,000	4 th qtr	Emergency replacement/repair equipment as required.
		TOTAL	\$30,000		



LaRC Exchange Operations Overview



2013 Major Accomplishments & Challenges

- Separation of Social Lounge, Catering and Cafeteria to increase visibility of each program.
- Facts revealed Cafeteria operated at annual loss of \$10,566.
- Social Lounge net income was \$27,055 with improved partnership with AAFES.
- Catering operated at a profit of \$19,227 even though travel and training was curtailed for FY13.
- Awarded new Center wide Foods/Snack vending as non-exclusive agreement.
- Purchased 4 AccuPOS Cash registers for Food and Beverage that interface with Sage Accounting to implement improved sales accountability and Credit and gift card capabilities.
- Purchased AccuCOUNT system to interface with Sage 50 Account improve inventory accountability.



LaRC Exchange Operations Overview

2013 Major Accomplishments & Challenges



- New Cafeteria General Manager/Chef hired in August 2013.
- Reduced the cost of goods for food and beverage products 48% to 44% through use of US FOODS. The Premier provider for area MWR programs.
- Began Farmers' Market as new service in Picnic/Park area.
- Child Development Center enrollment dropped again in FY 13 from 68 spaces to 59 spaces due to increase in availability in Pre-School in the surrounding public schools and area.
- A LCDC Futures Team has been establish to determine best business model based current and future demands and center demographics.
- Eliminated Child Care \$110 deposit if parent make direct payroll deduction.
- LCDC tuition rate based on Flat Monthly rate for each age group with no extra days for vacation.
- Expansion of Fitness Center hours 3 days per week from 7:00AM-6:30PM. This test revealed no significant increase in participation.



NASA Langley Research Center Exchange FY14 Operating Plan



Revenues	Service Office	LCDC	Cafeteria	Exc. Shop	Catering	Social Lounge	Consol. Exchange
Sales Revenues			\$ 823,235	\$ 71,400	\$ 72,548	\$ 64,291	\$ 1,031,474
COGS			345,991	39,161	15,502	20,943	421,597
Net Inc from Sales	-	-	477,244	32,239	57,046	43,348	609,877
Other Income	\$ 66,421	\$ 564,699	17,428	5,941	11,650	360	666,499
Total Revenue	66,421	564,699	840,663	77,341	84,198	64,651	1,697,973
Gross Income	\$ 66,421	\$ 564,699	\$ 494,672	\$ 38,180	\$ 68,696	\$ 43,708	\$ 1,276,376
<u>Expenses</u>							
Labor	\$ 99,953	\$ 493,759	\$ 395,755	\$ 11,360	\$ 48,818	\$ 12,985	\$ 1,062,630
Operating Expenses	48,821	59,300	57,674	6,918	2,460	1,881	177,054
Total Expenses	148,774	553,059	453,429	18,278	51,278	14,866	1,239,684
Net Income(loss)Before Dep.	(82,353)	11,640	41,243	19,902	17,418	28,842	36,692
Depreciation	17,640	10,758	6,764	696	-	360	36,218
Extraordinary Income							-
Net Income(loss)	\$ (99,993)	\$ 882	\$ 34,479	\$ 19,206	\$ 17,418	\$ 28,482	\$ 474



LaRC EXCHANGE 2014

Major Budget Impacts



- **Group Insurance has been dropped effective January 1, 2014 as a result of better health care opportunities for Exchange employees under Affordable Health Care Act.**
- **LCDC monthly price increases to for infants effective February 1, 2014 as follows: Infants \$760, Toddlers \$660, Preschool \$600**
- **Vending Food and Snack budgeted at 24% of total sales revenues.**
- **Beverage Vending budgeted at 45% commission on cans and 24% on bottles.**
- **Cafeteria sales budgeted to improve based on expansion of food and beverage service hours with new small café.**



LaRC EXCHANGE

Fiscal Year 2014

Capital Improvements



PRIORITY	Activity	Estimated Cost	Projected Purchase	Description
2	Cafeteria	\$5,000	3rd Qtr.	Replacement Furniture, Fixture, equipment
1	Exchange Services	\$5,000	2nd r	POINT of SALES REGISTERS Software for Child care and new Café
3	Catering equipment	\$8,000	4th Qtr.	Replacement FF&E Grills, steam table
	TOTAL	\$18,000		
Capital improvements planned for new Point of Sales Cash registers for Cafeteria, & Bar				
FFE planned for Playground, and Cafeteria, Bar for replacement as needed.				



LaRC EXCHANGE

Years 2014-2018

Future Projects Plans



- FY 2014 - COF projected for construction of new Cafeteria/Exchange Shop/Exchange Administrative Offices in New Town Integrated Services Building – Move in July 2014
- FY 2016 - Refurbishing of the gym floor \$100K
- FY 2017 - Resurface/repair tennis/basketball court \$120K
- FY 2018 - Gymnasium divider curtain divider 100K
- Out Years – Refurbish Gym, Fitness and Athletic fields with fencing and drainage cost TBD



Exchange Management and Council

OUM Oversight – David LeDoux, Director, OHCM



Exchange Position Name Center Organization or Title

Council Chair	Karen Koch- voting	Deputy Director, Office of Human Capital Management
Treasurer	Damon Sheaffer- Voting	Office of Chief Financial Officer
Member-at-Large	Edward Glaessgen, voting	Research Directorate
Member-at-Large	Grant Watson-voting	Director, Safety and Mission Assurance
Member-at-Large	Lisa Harvey-voting	Office of Procurement
Member-at-Large	Cathy Mangum-voting	Center Operations Directorate
Legal Advisor	Ken Goetzke Mona Williams	Office of Chief Counsel
CFO Advisor	Jimmy Carson	Office of Chief Financial Officer
Exchange Managers	Randy Cone Donna Kelly Steve Francisco Travis Walker Kimberly Bloom	Exchange Operations Manager Exchange Services Office Cafeteria Manager/Chef Catering/Chef Social Lounge Manager. Child Development